

INTERIM MANAGEMENT AGREEMENT
BETWEEN
THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
AND
STREET RETAIL, INC.
TO TEMPORARILY MANAGE THE TOWN SQUARE COMMERCIAL DISTRICT,
THE TOWN SQUARE STREET AND AREA LIGHTING DISTRICT AND THE
PLAZA AT ROCKVILLE TOWN SQUARE, ROCKVILLE, MARYLAND

INTERIM MANAGEMENT AGREEMENT

THIS INTERIM MANAGEMENT AGREEMENT (the “**Agreement**”) is made this _____ day of _____, 2011 (the “**Effective Date**”) by and between the **Mayor and Council of Rockville, Maryland** (the “**City**”) and **STREET RETAIL, INC.**, a Maryland corporation (the “**Manager**”) having an office at 1626 East Jefferson Street, Rockville, Maryland 20852.

RECITALS:

A. The City is the owner of certain real property described and depicted as Parcel B on that certain plat of subdivision entitled “Plat of Subdivision Lots 19, 21, 22 & Outlot A, & Parcel B, Block B & Street Dedication: North Maryland Avenue City Center,” recorded among the Land Records for Montgomery, Maryland (the “**Land Records**”) at Plat No. 22892, which real property consists of a public plaza intended for use by the general public, including the stage, pavilion and sound system, interactive fountain(s) and storm water management facilities located therein (hereinafter referred to as the “**Public Plaza**”).

B. The Public Plaza is part of a mixed-use development located within the City of Rockville, Maryland commonly known as “Rockville Town Square,” situated between East Middle Lane, Beall Avenue, North Washington Street and MD 355 (“**Town Square**”). Town Square is intended to be for the use and enjoyment of the general public and consists of (i) the Public Plaza owned by the City, (ii) a public library owned by the County of Montgomery County, Maryland, and (iii) certain real property and improvements, having mixed public and private uses, including retail, office, residential and cultural arts uses, owned by multiple condominium regimes in which there are multiple owners, and described and depicted on those certain plats of subdivision, recorded among the Land Records at Plats Nos. 22891, 22892 (excluding the Public Plaza shown thereon) and 23155 (hereinafter, collectively, the “**Condominium Properties**”).

C. The Condominium Properties have been subjected to five (5) separate master condominium regimes known as: (i) the Rockville Town Square Block 1/2 Condominium (the “**Block 1/2 Condominium**”); (ii) the Rockville Town Square Block 3A Condominium (the “**Block 3A Condominium**”); (iii) the Rockville Town Square Block 3B Condominium (the “**Block 3B Condominium**”); (iv) the Rockville Town Square Block 4 Condominium (the “**Block 4 Condominium**”); and (v) the Rockville Town Square Block 5 Condominium (the “**Block 5 Condominium**”). The foregoing condominium regimes are referred to collectively as the “**Condominiums**” and individually as a “**Condominium**” herein.

D. Pursuant to Chapter 22 of the Rockville City Code, Article IV, as amended (“**Chapter 22**”), the City has established two (2) special taxing districts entitled “Town Square Street and Area Lighting District” and “Town Square Commercial District” (collectively, the “**TSMD**”) for the sidewalk areas within the Condominium Properties and the improvements located within the sidewalk areas of the Condominium Properties (collectively, “**Sidewalk Areas**”). The purpose of the TSMD is to ensure a consistent high level of maintenance services and management of the Sidewalk Areas by the City. The Sidewalk Areas and the Public Plaza are collectively referred to herein as the “**Property**.”

E. The parties hereto intend to address the ongoing management and maintenance of the Sidewalk Areas through covenants, easements and/or agreements binding upon the council of unit owners for each Condominium (referred to as the **“Maintenance Covenants”** herein) pursuant to which the Manager, and its successors and assigns, is to assume responsibility for the ongoing management and maintenance of the Sidewalk Areas. Further, the parties hereto intend to address the ongoing management and maintenance of the Public Plaza through a long-term management agreement to be entered between the City and the Manager (the **“Long-Term Management Agreement”**) pursuant to which Manager, and its successors and assigns, is to assume responsibility for the ongoing management and maintenance of the Public Plaza.

F. For duration of the period during which either this Agreement or the Maintenance Covenants and Long-Term Management Agreement are in effect, the City will cause the TSMD tax rate to be set to zero percent (0.00%), the intent being that, for so long as the ongoing management and maintenance of the Property is addressed through either this Agreement and/or the Maintenance Covenants and Long-Term Management Agreement, the City will not levy or collect any TSMD taxes pursuant to Chapter 22 for the same services. The Manager shall receive no payment for its services under this Agreement, however, subject to Article 5 of this Agreement, the Manager shall pay to the City on or before August 31, 2011, the amount of the deficit in the Town Center fund as of June 30, 2011, which amount will not exceed Eighty Five Thousand Dollars (\$85,000.00), and the Manager shall also have the right to operate an outdoor ice skating rink in the Public Plaza during the winter months in a location to be agreed upon by the parties hereto.

G. The City and the Manager intend by this Agreement to address the management and maintenance of the Sidewalk Areas and the Public Plaza for the period until the Maintenance Covenants and the Long-Term Management Agreement are in full force and effect. Subject to with Article 6 of this Agreement, this Agreement will terminate at such time as both the Maintenance Covenants and the Long-Term Management Agreement are in full force and effect, or June 30, 2013, whichever first occurs.

H. In order to ensure the same high level of maintenance standard of cleanliness across all of the Property, the City hereby appoints the Manager, and the Manager hereby accepts appointment, on the terms and conditions hereinafter provided, as Manager for the City to provide management and maintenance services for the Property.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby mutually agree with each other as follows:

Article 1. The recitals set forth above are hereby incorporated in and made a substantive part of this Agreement.

Article 2. The City hereby appoints Manager, and Manager hereby accepts appointment, without payment, on the terms and conditions hereinafter provided, as Manager of the Property.

Article 3. Except as may be otherwise provided in this Agreement, Manager shall manage and maintain the Property at its sole cost and expense for the period and upon the terms of this Agreement. Such management and maintenance services shall include the following:

A. Manager's management and maintenance services shall include the following for the Public Plaza: The services set forth on Schedule 1 attached to this Agreement and incorporated herein by reference (the "**Minimum Public Plaza Services**").

B. Manager's management and maintenance services shall include the following for the Sidewalk Areas: The services set forth on Schedule 2 attached to this Agreement and incorporated herein by reference (the "**Minimum Sidewalk Area Services**"). The Minimum Public Plaza Services and the Minimum Sidewalk Area Services are hereinafter jointly referred to as the "**Minimum Services**." The Minimum Services exclude any maintenance or plumbing repairs for the interactive fountain and storm water management facilities serving the Public Plaza

C. Manager shall not be required to provide any services in connection with special events occurring within the Property whatsoever, including, but not limited to, performing any clean-up services or repairing any damage to the Property in connection with any special event occurring within the Property. The party sponsoring a special event shall be responsible for any damage to the Property and for providing all clean-up services in connection with such special event so that the Property is immediately returned for use by the general public in the condition as it existed prior to the holding of the special event ("**Special Clean-Up**"). Within twenty-four (24) hours following any special event, if the party sponsoring such special event (or any permittee) fails to perform the necessary Special Clean-Up, Manager shall have the right to perform the Special Clean-Up at no cost and/or expense to Manager, and shall bill the City for the cost.

D. To the extent pavers within the Property are being installed and/or replaced by the City, then Manager shall have no responsibility to maintain any pavers within the area where pavers are being installed and/or replaced until the installation or repair work is complete; provided, however, and only to the extent that, the maintenance of any such pavers is part of the Minimum Services listed on Schedule 1 and Schedule 2. If any portion of the Property is damaged or destroyed as a result of the installation and/or replacement of pavers, or any other action, undertaken within the Property by or on behalf of the City, then the City shall forthwith proceed to rebuild and repair such portion of the Property to as good condition as existed prior to such damage or destruction, without cost to the Manager.

E. Manager shall cause to be hired, paid and supervised, all persons necessary to be employed in order to properly provide the Minimum Services for the Property.

F. Manager shall cause to be performed ordinary maintenance and repairs for the Sidewalk Areas and the Public Plaza.

G. Manager shall perform or cause to be performed all acts and things to be done in or about the Property to comply with all orders or violations affecting the Property (including any such orders or violations issued by any federal, state, or municipal authority having

jurisdiction over the Property) to the extent that such orders or violations arise out of the performance of Minimum Services by Manager; subject, however to the recommendation and approval of the City.

H. The City shall be authorized to deal with Manager on any matter relating to the performance of the Minimum Services under this Agreement. Manager is directed not to accept directions or instructions with regard to the performance of the Minimum Services under this Agreement from anyone other than the City or its designee who has been designated in writing.

I. Manager shall perform its duties and Minimum Services in a professional and competent "first class manner." The term "first class manner" shall mean a quality, condition, nature or operation consistent with the quality, condition, nature or operation found in other commercial developments in the Washington, D.C. metropolitan area of comparable size and use.

J. Subject to the Default Notice provisions in Article 15 of this Agreement, in addition to any rights or remedies that are available under this Agreement and in law or equity, in the event that the Manager fails to perform any of the Minimum Services set forth herein, the City may perform such services and charge the Manager with the cost incurred by the City to perform any such Minimum Services.

K. The Manager may not change the location or type of existing improvements on the Public Plaza without the prior written approval of the City.

Article 4.

A. The City hereby authorizes Manager, for the City, and on its behalf, to perform any act or do anything necessary or desirable in order to carry out Manager's duties and Minimum Services contained in Article 3 of this Agreement.

B. Manager shall not be liable to the City for any loss or damage, except arising from or related to the breach of this Agreement by Manager, breach of duty on the part of Manager, action by Manager outside the scope of authority granted to Manager under this Agreement, or any tortious or illegal acts of Manager.

Article 5. The Manager agrees to pay to the City on or before August 31, 2011, the amount of the deficit in the Town Center fund as of June 30, 2011, which amount will not exceed Eighty Five Thousand Dollars (\$85,000.00); provided, however, that the City shall have delivered to Manager, on or before August 15, 2011, reasonable written back-up documentation supporting such deficit amount, together with such supplementary documentation as may be reasonably requested by the Manager. The City shall not pay Manager compensation for its Minimum Services hereunder; however, Manager acknowledges that it is entering into this Agreement with the City in consideration for the City's willingness to enter into the Long-Term Management Agreement, and the City's agreement, which agreement the City hereby ratifies and confirms, to not levy special TSMD taxes for so long as the ongoing management and maintenance of the Property is being performed by Manager under either this Agreement and/or the Maintenance Covenants and Long-Term Management Agreement.

Article 6.

A. The initial term of this Agreement shall commence on July 1, 2011 and shall automatically terminate upon the occurrence of the first to occur of the following: (i) the date that both the Maintenance Covenants for each Condominium and the Long-Term Management Agreement are effective, or (ii) June 30, 2013.

Article 7. This Agreement may not be changed orally, shall bind and apply to any successor of either party hereto, and may not be assigned by either party hereto.

Article 8. Manager must at all times during the term of the Agreement maintain such licenses and permits as required for any of the various services to be performed by Manager hereunder.

Article 9. Manager shall carry and maintain, at its sole cost and expense, a commercial general liability insurance policy in respect of the Property, with terms reasonably satisfactory to the City, with single limit coverage for bodily injury, death, and property damage liability and medical payments at a minimum of Five Million Dollars (\$5,000,000.00). Each policy evidencing the insurance to be carried by Manager under this Agreement shall contain a clause that such policy and coverage evidenced thereby shall be primary and that any coverage carried by the City shall be excess insurance. Each such policy shall contain an endorsement that names the City as an additional insured, and shall contain a clause that the insurer shall not cancel or change the insurance without first giving the City, and any such other additional insureds, at least thirty (30) days prior written notice. Manager may satisfy its insurance obligations hereunder by including the Property in a master policy. Such master policy shall contain an endorsement that names the City as an additional insured and references the Property.

Article 10. Manager is not an employee of the City for any purpose, and is acting as Manager for the City in the capacity of an independent contractor. Manager shall protect, defend, indemnify and save harmless the City and all of its officers, employees, agents, representatives, servants, and assigns from any and all liability, loss, damages, claims, causes of action, judgments, and expenses, including reasonable attorney's fees, in connection with or arising out of this Agreement and/or the performance hereof that are due to the acts of the Manager, its agents, representatives, or assigns in connection with or arising out of the Manager's performance, or lack of performance of its responsibilities under this Agreement.

Article 11. Manager may hire subcontractors, independent contractors, consultants, vendors and/or associate managers in connection with Manager's services to be provided hereunder without the consent of the City.

Article 12. In performing the functions under this Agreement, the City shall act diligently and in good faith and cooperate with Manager in all matters relating to the services to be provided by Manager under this Agreement. The City shall furnish all information in its possession or control that Manager reasonably requests and that is reasonably necessary in connection with performing Manager's services under this Agreement.

Article 13. None of the duties and obligations of Manager and the City under this

Agreement shall in any way be construed as to create any liability for Manager or the City with respect to third parties who are not parties to this Agreement.

Article 14. All notices required or permitted hereunder shall be in writing and shall be deemed given/received: (a) when delivered if delivered by hand; (b) the next business day after deposit with a reputable overnight courier service marked for delivery on the next business day; or (c) by facsimile, upon completion of transmission to the applicable party at their facsimile number listed herein; (d) by email, upon receipt of the email by the applicable party at their email address listed herein:

If to the City:	City of Rockville 111 Maryland Avenue Rockville, Maryland 20850 Attention: Scott Ullery, City Manager Facsimile: _____ Email: SULLery@rockvillemd.gov
With a copy to:	City of Rockville 111 Maryland Avenue Rockville, Maryland 20850 Attention: Debra Y. Daniel, Esq., City Attorney Facsimile: (240) 314-8210 Email: DDaniel@rockvillemd.gov
If to Manager:	Street Retail, Inc. c/o Federal Realty Investment Trust 1626 East Jefferson Street Rockville, Maryland 20852 Attention: Robin McBride Facsimile: _____ Email: _____
With a copy to:	Federal Realty Investment Trust 1626 East Jefferson Street Rockville, Maryland 20852 Attention: Legal Department Facsimile: (301) 998-3703 Email: _____

With a copy to: Linowes and Blocher LLP
 7200 Wisconsin Avenue
 Suite 800
 Bethesda, Maryland 20815
 Attention: Douglas M. Irvin, Esq.
 Facsimile: (301) 654-2801
 Email: _____

Article 15. If at any time the City shall determine (i) that a condition exists within the Property that results from the failure of the Manager to actually perform the ongoing management and maintenance of the Property in accordance with this Agreement, or (ii) that the Manager is otherwise in default under this Agreement, then the City shall provide prompt written notice (as provided below) of such default (each, a “**Default**”) to the Manager. Before exercising any rights or remedies that it may have or accrue as a result of a Default, the City shall give prior written notice (the “**Default Notice**”) to the Manager specifying in reasonable detail the nature of the Default and indicating that such Default must be cured within seven (7) days after the date upon which the Default Notice is given to Manager, unless the Default relates to a Minimum Service which must be performed daily or within a specified time, in which case the Default must be cured within twenty-four (24) hours of the Default Notice. If Manager fails to cure the Default within such seven (7) day period, then the City may, in its discretion, exercise any and all rights and remedies that it may have or accrue as a result of such Default. Notwithstanding the preceding sentence, if Manager acts promptly, using its best efforts, to cure any Default with respect to which a Default Notice is given pursuant to this Article, and if Manager is nevertheless unable to cure the Default within such seven (7) day period, then, so long as Manager continues to use its best efforts to cure the Default, it shall have such additional time as is reasonably necessary to complete the cure before the City may exercise any rights or remedies that it may have or accrue as a result of such Default.

Article 16. This Agreement may be executed in several counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Article 17. If any term of this Agreement or its application to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Article 18. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by the City and the Manager.

Article 19. If any date upon which action is required under this Agreement shall be a Saturday, Sunday, or legal holiday, the date for such action shall be extended to the first regular business day after such date which is not a Saturday, Sunday or legal holiday. This Agreement represents the results of bargaining and negotiations between the parties and of a combined draftsmanship effort. Consequently, the City and the Manager expressly waive and disclaim, in

connection with the interpretation of this Agreement, any principle of construction requiring that ambiguous or conflicting terms be construed against the party whose attorney prepared this Agreement or any earlier draft of this Agreement. All exhibits and schedules attached to this Agreement are incorporated into and made a substantive part of this Agreement.

Article 20. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Maryland.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

WITNESS:

CITY:

**THE MAYOR AND COUNCIL OF
ROCKVILLE, MARYLAND**, a municipal
corporation of the State of Maryland

By: _____[SEAL]

Name: Scott Ullery

Title: City Manager

WITNESS:

MANAGER:

STREET RETAIL, INC., a Maryland
corporation

By: _____[SEAL]

Name: _____

Title: _____

Schedule 1

Minimum Public Plaza Services

The following breakdown outlines the minimum services that will be provided for the Public Plaza:

Exterminating	Rock and mulch area and planters.
Janitorial Supplies	In addition to porter supplies.
Janitorial Service	Steam/Power washing and spot cleaning.
Rock Area Maintenance	Rock/mulch (fibar engineered safety surface) area and one tree. Fibar to be re-filled once per year and as needed.
Painting	Trash container touch-up.
Porter Service	Daily service, 365 days/year.
Sidewalk Repairs	Repairs to concrete pavers.
Snow Removal	Typically hand shoveled on pavers.
3 Chess Tables	Clean, paint as needed.
Litter Receptacles	Clean, paint as needed.
3 Stone Planters	Maintain, repair as needed.
Stonework – Other Locations	Maintain, repair as needed.
Painting	Stage, litter receptacles, bollards, etc.
Wood Benches	Maintain, repair as needed.
Bollards	Maintain, repair, replace bulbs, as needed.
Scrape/remove gum from surfaces	As needed.
Security	Provide via PSOs.

The frequency and level of service will be the same as for the Sidewalk Areas as outlined in Schedule 2.

The Minimum Public Plaza Services exclude any maintenance or plumbing repairs for the interactive fountain, public art embedded in the sidewalk at east end, sound system and storm water management facilities serving the Public Plaza.

Schedule 2

Minimum Sidewalk Area Services

The following breakdown outlines the minimum services that will be provided for the Sidewalk Areas:

Porter Service:

Scope of Work (“SOW”) includes:

- Daily emptying of trash and recycling containers, wiping down of trashcans, chess tables, benches, windowsills, removal of trash in planting beds and other common areas.
- Provide dumpster service for trash and recycling removal.
- Removal of graffiti (initially within 24 hours, restore surface to original condition within 72 hours).
- Provide porter service.
- Wash/clean common areas.
- Maintain the Block 5 lobby (mop floor daily, planters, painting, tile repairs, lights).
- Power washing of pavers, as needed.
- Clean all fountain surfaces, remove stains, mold and discoloration, as needed.
- Replace light bulbs that are readily accessible, as needed.
- Scrape/remove gum from sidewalks and other surfaces, as needed.

Landscaping:

SOW includes:

- Grass cutting.
- Spring and fall clean up.
- Mulching.
- Treatment for weed control.
- Planting of annual flowers--beds and pots--three seasonal plantings.
- Replacement of dead or damaged plants.
- Insect and disease management for all plants and shrubs.
- Fertilization of plants and shrubs.
- Overseeding of lawn areas.
- Pruning of trees and bushes/shrubs.
- Provide watering service.
- Maintaining the irrigation system.
- Maintain tree lighting-uplights and string lights.

Schedule 2

Security:

SOW includes:

- Public Safety Officer(s) (PSO).
- Additional PSO's will be provided, on a case-by-case basis, for "special events" that are held in the public plaza, at the sole cost and expense of the City for City events.

Snow Removal:

SOW to Include:

- All walkways, sidewalks and paver areas must be made safe whenever and wherever slippery conditions exist.
- Remove snow from roofs when conditions exist that may cause large quantities of snow falling on the sidewalks (or cordon off affected sidewalk areas).
- Hand-shovel brick pavers in common areas and the Public Plaza to create pathways for pedestrians. Snow removal to be completed within 12 hours of end of storm.
- Haul away snow to offsite location if there is not enough room to store on site.
- Snow must not be shoveled onto the public right-of-way (streets and parking stalls) without prior approval from the Department of Public Works.
- Two (2) inch minimum for shoveling/plowing.

Extermination:

SOW includes:

- Use integrated pest management procedures.
- One (1) time property set up for traps.
- One (1) time per month service.

Common Area / Other:

- Replace street lamp bulbs and other common area lighting; excluding the lighting fixtures on the Public Plaza.
- Maintain the common area fountains; excluding the "Interactive" fountain in the Public Plaza, including winterization and spring startup.
- Allow the City to collect coins from fountains.
- Maintain and repair all signage.
- Painting of trashcans, bike racks, and metal seating areas, as required.
- All common areas must be made safe whenever and wherever any hazardous or slippery condition exists and in no event should any such hazardous or slippery condition continue to exist more than 24 hours after receipt of notice from the City.

Holiday Decorations

- Provide and install annual holiday decorations.

Schedule 2

Communication

- Provide City with emergency contact person's phone number and email address 24/7/365 and a back-up emergency contact person's phone number and email address 24/7/365.

Schedule 2